



Financial Reporting Council

FRED 82 – at a glance

15 December 2022

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Draft amendments to FRS 102 and other FRSs – Periodic Review

Second periodic review

- The FRC’s financial reporting standards (FRSs), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are subject to periodic reviews.
- The second of these periodic reviews is now in progress and Financial Reporting Exposure Draft (FRED) 82 proposes a number of amendments to FRS 102 and other FRSs.
- In developing this FRED, the FRC has considered:



Changes to IFRS Accounting Standards.



The IASB’s proposed changes in developing the third edition of the *IFRS for SMEs Accounting Standard*.



Stakeholder feedback in response to the FRC’s 2021 request for views.



Other developments in corporate reporting.

Proposed amendments and impact assessment

- The proposed amendments are focused on updating accounting requirements to reflect changes in IFRS Accounting Standards, particularly with respect to revenue and leases, and making other incremental improvements and clarifications.
- As a result of the proposed amendments, FRS 102 will reflect up-to-date IFRS-based solutions, providing high-quality and clear financial reporting to users. The proposals have been designed to be proportionate to the size and complexity of the entities applying the standards. A consultation stage impact assessment has been published with the FRED.

Effective date and comment deadline

- The proposed effective date for these amendments is accounting periods beginning on or after 1 January 2025, with early application permitted provided all amendments are applied at the same time. The amendments include transitional provisions.
- The FRC is requesting comments on FRED 82 by 30 April 2023 and will consider the feedback in finalising the amendments.

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Proposed amendments

Principal proposed amendments:

Revenue accounting requirements in FRS 102 and FRS 105

A new Section 23, based on the IFRS 15 five-step model for revenue recognition, with appropriate simplifications.

Lease accounting requirements in FRS 102 (not FRS 105)

A new Section 20, based on the IFRS 16 on-balance sheet model, with appropriate simplifications.

Other incremental improvements and clarifications proposed to FRS 102 include (but are not limited to):

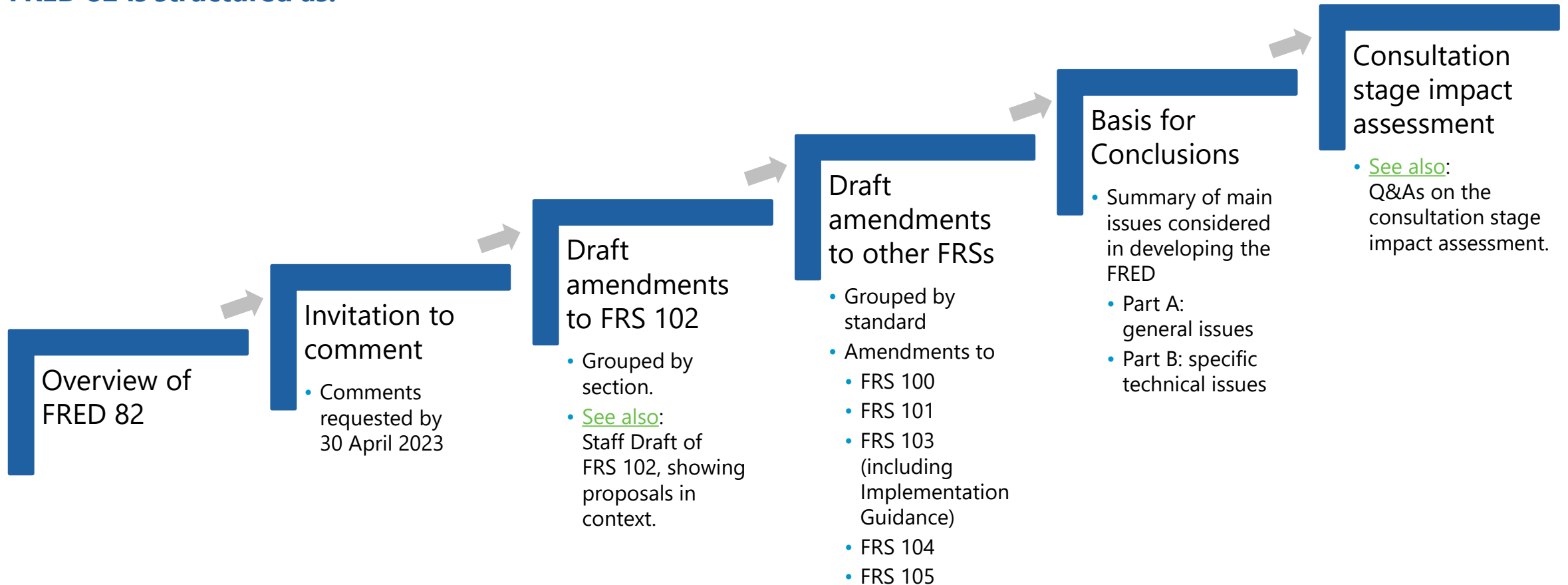
- Greater clarity for small entities in the UK applying Section 1A regarding which disclosures need to be provided in order to give a true and fair view.
- A revised Section 2 *Concepts and Pervasive Principles*, updated to reflect the IASB's *Conceptual Framework for Financial Reporting*, issued in 2018.
- A new Section 2A *Fair Value Measurement*, replacing the Appendix to Section 2 and updated to reflect the principles of IFRS 13.
- Removal of the option to newly adopt the recognition and measurement requirements of IAS 39 under paragraphs 11.2(b) and 12.2(b), in preparation for the eventual removal of this option, but permitting entities already applying the option to continue to do so in the meantime.

Similar incremental improvements and clarifications are proposed for FRS 105, when applicable.

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Navigating the FRED

FRED 82 is structured as:



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Find out more and have your say

To find out more, visit our FRED 82 webpage at frc.org.uk/FRED82, where you can:



Read FRED 82, the Staff Draft of FRS 102, and the Q&As on the consultation stage impact assessment



Listen to our podcast discussing FRED 82



Register for our webinar to be held at 15:00 on 19 January 2023



Find details of roundtable events, including topic-specific sessions (coming soon)

To stay up to date with this and other FRC developments:



Subscribe to our newsletters and alerts at frc.org.uk/sign-up

To have your say on our proposals:



Send your comments to ukfrsperiodicreview@frc.org.uk by 30 April 2023



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